

CHAPTER 6**U. S. GOVERNMENT STANDARD GENERAL LEDGER ACCOUNTING****0601 GENERAL**

060101. The Department of Defense Financial Management Regulation (DoDFMR), Volume 1, Chapter 7 prescribes the U. S. Government Standard General Ledger (USGSGL) accounting for all appropriations and funds assigned and controlled by DoD. The USGSGL summary and posting accounts, with the subsidiary accounts, provide for an integrated accounting and reporting structure.

060102. Goals of USGSGL accounting include:

A. Providing independent control over all categories of accounts, using this structure: assets (1***), liabilities (2***), equity (3***), budgetary resources (4***), revenues (5***), expenses (6***), miscellaneous gains and losses (7***), and memorandum (8***).

B. Providing management with the capability to develop an accurate and complete financial statement.

C. Establishing an accounting structure which integrates budgetary and proprietary accounting and reporting.

D. Achieving uniform treatment of similar transactions.

E. Assuring compliance with generally accepted accounting principles (GAAP), the Federal Accounting Standards Advisory Board (FASAB), the Chief Financial Officer's (CFO) Act and the Department of Defense (DoD) accounting standards.

060103. Use the USGSGL to control all business transactions during the fiscal cycle. The USGSGL will reflect the general ledger account codes (GLAC) at appropriation level and will cite the operating agency (OA), allotment serial number (ASN), and fiscal station number (FSN) of the paying activity. Exceptions for reporting ASN are Miscellaneous Receipt and Deposit Fund Accounts and non-allotted transactions.

060104. Ensure that all property, plant and equipment (PP&E), inventory, operating materials and supplies (OM&S), and accrued unfunded liability accounts balances are recorded in the current fiscal year appropriation, except for the procurement appropriations (203*) which should have inventories reported in the 'X' year. Make sure that these accounts are moved to the new fiscal year on the post closing trial balances.

0602 RESPONSIBILITIES

Accounting activities are responsible for ensuring that accounting principles and standards are applied in implementing finance and accounting procedures. The principles to be followed are:

060201. Cost Principle. This principle states that cost is the appropriate basis for initial accounting recognition.

060202. Revenue Principle. This principle states that revenue should include all changes in the net assets other than those arising from equity transactions.

060203. Matching Principle. This principle states that expenses incurred in generating revenue should be determined and reported in the same period as the revenue.

060204. Consistency Principle. This principle states that when recording transactions and reporting, consistency in applying accounting principles, standards and procedures must prevail.

060205. Financial Reporting Principle. This principle states that financial statements must reflect complete, accurate, significant, and understandable information.

060206. Exception Principle. This principle encompasses the concept of materiality and relevancy of information being reported.

0603 STANDARD GENERAL LEDGER STRUCTURE

060301. Account Categories and Definitions. As stated previously, there are seven major categories in the USGSGL. These are further classified as real, nominal, budgetary, and/or proprietary accounts.

A. Real accounts are those balance sheet accounts that remain open and are available during the business life cycle. Assets, liabilities and equity are classified as real accounts.

B. Nominal accounts are those that are closed at fiscal year-end or at the end of the accounting period. Expenses, revenues, miscellaneous gains and losses are classified as nominal accounts.

C. Budgetary resource accounts are used in combination with real and nominal accounts. Budgetary refers to accounting that meets the fiscal requirements of the appropriation managers. GLACs 4*** are classified as budgetary accounts.

D. Proprietary accounts are those which present the financial position of the business operation. Proprietary accounts include all GLACs except the budgetary accounts.

060302. Integrated Budgetary/Proprietary Accounting

A. The USGSGL accounting process encompasses both proprietary and budgetary data. This integrated process is built upon the detailed principles and procedures prescribing how transactions and other events are measured, recorded, classified, summarized and reported.

B. The following illustrates the integration of budgetary and proprietary accounting when recording a disbursement (for self) transaction:

1. Proprietary:
Debit 2113.0 Accounts Payable-Public-Current
Credit 1012.0 Funds Disbursed
2. Budgetary:
Debit 4901.0 Expended Authority-Unpaid
Credit 4902.0 Expended Authority-Paid

0604 U. S. GOVERNMENT STANDARD GENERAL LEDGER ACCOUNTS

060401. The DoDFMR, Volume 1, Chapter 7 contains the USGSGL Chart of Accounts, and the account definitions. The USGSGL structure allows for summarization of detailed accounts. The accounts are shown with account numbers, titles, posting levels and normal account balances.

060402. The DoDFMR, Volumes 3, 4, and 11B contain budgetary and proprietary accounting entries. These transactions are comprehensive, not all inclusive, but provide a basis to guide, standardize and improve accounting discipline.

0605 POST YEAR-END AUDIT ADJUSTMENTS

060501. Fully document audit adjustments, which are approved by the activity audited and processed as an accounting transaction, after submission of the year-end financial reports. Forward copies of all processed transactions, with the supporting documentation, to the DFAS Center for Sustaining Forces - Indianapolis, ATTN: DFAS-IN/RC, 8899 East 56th Street, Indianapolis, IN 46249-1301. The adjustment vouchers will provide the basis for adjustments to the year-end departmental financial statements. For additional guidance see DoDFMR Volume 1, Chapter 2, paragraph 0206 'Departmental Adjustments resulting from Financial Statements Audits.'

0606 PRIOR PERIOD ADJUSTMENTS

060601. Fully document, and disclose the nature, and amount of any significant prior period adjustment which requires approval from OUS(C). For additional guidance see DoDFMR Volume 1, Chapter 10, paragraph 101802.